



Irish Life Weekly Investment Bulletin

The week that was – WEEK 26 (ending 30/06/2017)

“A good head and a good heart are always a formidable combination.” – Nelson Mandela

Irish retail sales show best growth since mid-2016 – The latest data from the Central Statistics Office (CSO) shows that excluding motor sales, retail sales were up 0.8% in May and 7.3% higher on the year, the highest annual growth since mid-2016. Including motor trades, retail sales were up 3.3% year-on-year.

Eurozone inflation reduced to 1.3% in June – The European Union’s statistics office, Eurostat, reported that June headline inflation was down to 1.3% compared to 1.4% in May, but beating expectations of 1.2%. Underlying core inflation (excluding food and energy prices) however rose to 1.2% in June from 1.0% in May.

Global stock market down 0.7% on the week – The MSCI AC World TR Index showed a fall of 0.72% from the 23rd June to 30th June with the Heads of Central Banks of the Eurozone, U.S. and U.K. all intimating that the era of monetary tightening policy is coming or here. The ‘Vix’ (volatility index) moved up to 10.9 from 10.6.

Eurozone bond yields jump on Draghi comments – Eurozone and German government bond yields rose sharply (and prices fell) after ECB President Mario Draghi delivered a bullish assessment of the eurozone’s economic recovery and fuelled speculation about a possible ‘tapering’ of asset purchases relatively soon.

BOE Chief reverses stance on U.K. rate move – The Bank of England governor Mark Carney softened his opposition to an interest rate rise compared to comments he made the previous week when he said he could be persuaded to vote in favour of increasing borrowing costs if certain key fundamentals began to “firm”.

Chinese growth remains relatively resilient – Two pieces of data released showed strength in China’s economy - its official PMI (Purchasing Managers’ Index) unexpectedly rose to a better-than-expected 51.7 reading in June from 51.2 in May and profits at industrial companies rose 16.7% in May from a year earlier.

The Story of the week: The Dull Men’s Club, a group dedicated to the blander things in life began in New York when Grover Click was sitting with friends at the Long Bar at the New York Athletic Club reading about various clubs - squash, sailing, skiing, judo ... when he said “We don’t do any of those things” and so to be free from glitz and glam, or to be in and trendy, the DMC was born. It met every week. Membership grew and the waiting list for membership grew rapidly. Additional groups began in the U.S. and around the world. They enjoy such riveting activities as sitting on porches, sorting loose change, collecting milk bottles, appreciating roundabouts and tracking down water pumps. There are some women in DMC, one of whom spends her free time following brown street signs.

DISCLOSURE: Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland. While Irish Life Investment Managers uses reasonable efforts to ensure that the information contained in this document is current, accurate and complete at the date of publication, no representations or warranties are made (express or implied) as to the reliability, accuracy or completeness of such information. Irish Life Investment Managers therefore cannot be held liable for any loss arising directly or indirectly from the use of, or any action taken in reliance on, any information contained in this document. This material is for information only and does not constitute an offer or recommendation to buy or sell any investment, or subscribe to any investment management or advisory service. The performance shown represents past performance and does not guarantee future results. Past performance is not indicative of future results.

Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2012	2013	2014	2015	2016	2017 YTD (to 30/06)
MSCI AC World (Gross TR)	16.5	26.2	9.9	1.8	9.7	9.3
ISEQ Overall Return	20.5	35.8	16.8	33.6	-2.7	5.7
FTSE 100 TR	10.0	18.7	0.7	-1.3	19.1	4.5
Euro Stoxx 50 TR	18.1	21.5	4.0	6.4	3.7	6.7
S&P 500 TR	16.0	32.4	13.7	1.4	12.0	9.3
Nasdaq Composite	15.9	38.3	13.4	5.7	7.5	14.1
Nikkei 225	22.9	56.7	7.1	9.1	0.4	4.8
MSCI Emerging Markets	13.9	0.9	2.6	-8.0	7.1	13.7
Eurozone Government Bonds 1–5 yr	5.9	2.1	3.4	1.0	0.9	-0.3
Sovereign 10yr Bond Yields (%)	2012	2013	2014	2015	2016	2017 YTD
U.S.	1.7	3.0	2.2	2.2	2.4	2.3
German	1.4	1.9	0.5	0.6	0.2	0.5
UK	1.9	3.0	1.9	1.9	1.2	1.3
Japan	0.7	0.7	0.3	0.2	0.0	0.1
Ireland	4.5	3.4	1.3	1.1	0.7	0.9
Italy	4.6	4.1	2.1	1.6	1.8	2.1
Greece	12.7	8.2	9.6	7.9	7.1	5.4
Portugal	6.9	6.1	2.7	2.5	3.8	3.0
Spain	5.4	4.1	1.6	1.7	1.4	1.5
Central Bank Rates (%)	2012	2013	2014	2015	2016	2017 YTD
ECB	0.75	0.25	0.05	0.05	0.0	0.0
Bank of England	0.5	0.25	0.50	0.50	0.25	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	1.25
Foreign Exchange Rates	2012	2013	2014	2015	2016	2017 YTD
Euro/Dollar (€/\$)	1.31	1.37	1.21	1.09	1.04	1.14
Euro/Sterling (€/£)	0.81	0.83	0.78	0.75	0.84	0.88
Sterling/Dollar (£/\$)	1.61	1.65	1.56	1.46	1.24	1.29
IPD All Property Return % (in Local Currency)	2012	2013	2014	2015	2016	2017
Ireland	3.1	12.7	40.1	25.0	12.8	2.0% (to end of Q1)
U.K.	2.7	10.7	17.8	13.1	3.6	2.3% (to end of Q1)
U.S.	5.3	11.4	11.2	12.1	7.8	1.6% (to end of Q1)

*Past performance is not a reliable guide to future performance